(d) if so, whether liberalisation of the import of coal will adversely affect the infrastructure and employment in the coal industry as well as resulting in reduced royalties to the major coal producing States; and

(e) if so, what is the necessity or logic of the reduction of import duty on coal?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a): Reduction in import duty on coal from 85% to 35% is not likely to result in dumping of imported coal in India.

(b) No, Sir.

(c) The production of coal by Coal India Limited alone is not sufficient to meet the current demand of non-coking coal in the country.

(d) and (e): In view of (c) above, does not arise.

Excise Duty on Cloth

5432. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the excise duty structure envisaged in the budget proposals require the fabric processors to pay excise duty on ad valorem basis including the cost of the cloth which is not manufactured by them;

(b) whether the grey cloth is exempted from excise duty and if so, why the processors are asked to pay the value of the cloth which is not manufactured by them, their function only being execution of job work on behalf of garment exporters;

(c) why the fabric processors are being denied the benefits of MODVAT on the inputs they use while such relief is permitted to manufacturers of dyes and chemicals and even engineering industries; and

(d) whether Government would reconsider this unjust impost of excise duty on fabric processors and work out a more rational formula of levy, based solely on the content of value addition?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) and (b): The processed fabrics as well as the grey cloth are fully exempted from basic excise duty. However, processed fabrics are charged to Additional Excise Duty in lieu of sales tax leviable under the Additional Duties of Excise Act (Goods of Special Importance) Act, 1957. In the Budget 1994-95, the rates of Additional Excise duty have been converted to ad valorem rates instead of the specific cum ad valorem rates existing prior to Budget 1994-95. As per the provisions of section 4 of the Central Excise and Salt Act, 1944 duty of excise is chargeable on the value of the goods and in this case such value of the "processed cloth" manufactured out of grey fabrics.

(c) and (d) Extension of Modvat to fabrics would require charging basic excise duty on these fabrics, including grey fabrics. This would mean bringing under excise control about 13 lakhs powerlooms which are mostly in the decentralised sector. This is likely to cause administrative difficulties. Hence, for the present it has not been found feasible to extend the MODVAT scheme to the fabric processors.

Irregularities in Central Bank of India

5433. SHRI V. GOPALSAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the irregularities and frauds committed by the former Chairman, Central Bank of India;

(b) if so, details thereof alongwith the amount involved, parties involved, nature of fraud or irregularities etc.;

(c) whether any case has been registered against the officers concerned, if so, the details thereof in each case;

(d) whether any arrest has been made, if so, the details thereof;

(e) what steps are being taken to keep watch on the activities of the top bank officials who are increasingly being involved in bank scam; and

(f) whether any cell has been created either in Government or in the RBI to contain top bank officials' scam?